

NorthWestern Energy  
Electric Utility - State of South Dakota  
Pro Forma Year Ending December 31, 2012  
Derivation of Increased Rates and Proof of Revenue

Line	Description	----- Present Rates -----			----- Proposed Rates -----			Revenue Change	
		Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	\$	%
1	<b>Large Commercial and Industrial Rate 34</b>								
2	<u>Summer Rate</u>								
3	Demand Charge - First 100 kW	218,973	\$6.13	\$1,342,307	218,973	\$8.65	\$1,894,120	\$551,813	41.11%
4	Demand Charge - Next 400 kW	185,339	\$5.43	1,006,391	185,339	\$7.66	1,419,697	413,306	41.07%
5	Demand Charge - Next 500 kW	80,883	\$4.73	382,575	80,883	\$6.67	539,488	156,913	41.01%
6	Total Demand Charge	485,195		\$2,731,273	485,195		\$3,853,305	\$1,122,031	41.08%
7	Power Factor Charge Revenue			195,172			275,268	80,096	41.04%
8	MIN34 Revenue			3,252			4,587	1,335	
9	Energy Charge - First 100 X Demand	47,982,570	\$0.03258	1,563,272	47,982,570	\$0.04595	2,204,799	641,527	41.04%
10	Energy Charge - Next 300 X Demand	107,056,855	\$0.01558	1,667,946	107,056,855	\$0.02197	2,352,039	684,093	41.01%
11	Energy Charge - Next 100 X Demand	15,692,914	\$0.01058	166,031	15,692,914	\$0.01492	234,138	68,107	41.02%
12	Energy Charge - Remaining kWh	6,993,823	\$0.00558	39,026	6,993,823	\$0.00787	55,041	16,016	41.04%
13	Total Energy Charge	177,726,162		\$3,436,274	177,726,162		\$4,846,018	\$1,409,743	41.03%
14	Sub-total Summer Base Rate			6,365,972			8,979,177	2,613,205	41.05%
15	Booked to Billed Revenue Ratio			108.052%			108.052%		
16	Booked Base Rate Revenue			\$6,878,530			\$9,702,138	\$2,823,608	41.05%
17	<u>Off-Peak Rate</u>								
18	Demand Charge - First 100 kW	427,768	\$6.13	\$2,622,218	427,768	\$8.65	\$3,700,194	\$1,077,976	41.11%
19	Demand Charge - Next 400 kW	344,944	\$5.43	1,873,045	344,944	\$7.66	2,642,270	769,225	41.07%
20	Demand Charge - Next 500 kW	128,034	\$4.73	605,599	128,034	\$6.67	853,984	248,385	41.01%
21	Total Demand Charge	900,746		\$5,100,863	900,746		\$7,196,449	\$2,095,586	41.08%
22	Power Factor Charge Revenue			-1,194,234			-1,684,327	-490,093	41.04%
23	MIN34 Revenue			5,178			7,303	2,125	
24	Energy Charge - First 100 X Demand	90,433,400	\$0.03258	\$2,946,320	90,433,400	\$0.04595	4,155,415	1,209,095	41.04%
25	Energy Charge - Next 300 X Demand	196,255,626	\$0.01558	3,057,663	196,255,626	\$0.02197	4,311,736	1,254,073	41.01%
26	Energy Charge - Next 100 X Demand	25,714,656	\$0.01058	272,061	25,714,656	\$0.01492	383,663	111,602	41.02%
27	Energy Charge - Remaining kWh	13,670,754	\$0.00558	76,283	13,670,754	\$0.00787	107,589	31,306	41.04%
28	Total Energy Charge	326,074,436		\$6,352,327	326,074,436		\$8,958,402	\$2,606,076	41.03%
29									
30	Sub-total Off-Peak Base Rate			\$10,264,134			\$14,477,827	\$4,213,693	41.05%
31	Booked to Billed Revenue Ratio			95.497%			95.497%		
32	Booked Base Rate Revenue			\$9,801,947			\$13,825,899	\$4,023,953	41.05%
33									
34	Annual Subtotal Rate 34			\$16,630,106			\$23,457,004	\$6,826,898	41.05%
35	Booked to Billed Revenue Ratio			100.303%			100.303%		
36	Total Adjusted Annual Large Com & Ind. Rate 34 Revenue	503,800,598	1,385,941	\$16,680,476	503,800,598	1,385,941	\$23,528,037	\$6,847,561	41.05%

NorthWestern Energy  
Electric Utility - State of South Dakota  
Pro Forma Year Ending December 31, 2012  
Derivation of Increased Rates and Proof of Revenue

Line	Description	----- Present Rates -----			----- Proposed Rates -----			Revenue Change	
		Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	\$	%
1	<b>Large Commercial and Industrial Rate 34L8%</b>								
2	<u>Summer Rate</u>								
3	Demand Charge - First 100 kW	3,600	\$6.13	\$22,068	3,600	\$8.65	\$31,140	\$9,072	41.11%
4	Demand Charge - Next 400 kW	14,030	\$5.43	76,182	14,030	\$7.66	107,468	31,286	41.07%
5	Demand Charge - Next 500 kW	64,642	\$4.73	305,757	64,642	\$6.67	431,162	125,406	41.01%
6	Total Demand Charge	82,272		\$404,006	82,272		\$569,770	\$165,764	41.03%
7	Power Factor Charge Revenue			17,802			25,108	7,306	41.04%
8	Option L Discount			-101,937			-143,771		
9	Energy Charge - First 100 X Demand	8,167,806	\$0.03258	\$266,107	8,167,806	\$0.04595	375,311	109,204	41.04%
10	Energy Charge - Next 300 X Demand	23,724,037	\$0.01558	369,620	23,724,037	\$0.02197	521,217	151,597	41.01%
11	Energy Charge - Next 100 X Demand	5,565,239	\$0.01058	58,880	5,565,239	\$0.01492	83,033	24,153	41.02%
12	Energy Charge - Remaining kWh	6,213,630	\$0.00558	34,672	6,213,630	\$0.00787	48,901	14,229	41.04%
13	Total Energy Charge	43,670,712		\$729,280	43,670,712		\$1,028,462	\$299,183	41.02%
14	Sub-total Summer Rate			\$1,049,151			\$1,479,570	\$430,419	41.03%
15	Booked to Billed Revenue Ratio			113.728%			113.728%		
16	Booked Base Rate Revenue			\$1,193,174			\$1,682,678	\$489,504	41.03%
17	<u>Off-Peak Rate</u>								
18	Demand Charge - First 100 kW	8,900	\$6.13	\$54,557	8,900	\$8.65	\$76,985	\$22,428	41.11%
19	Demand Charge - Next 400 kW	34,982	\$5.43	189,950	34,982	\$7.66	267,958	78,009	41.07%
20	Demand Charge - Next 500 kW	140,013	\$4.73	662,261	140,013	\$6.67	933,886	271,625	41.01%
21	Total Demand Charge	183,894		\$906,768	183,894		\$1,278,829	\$372,062	41.03%
22	Power Factor Charge Revenue			57,727			81,417	23,690	41.04%
23	Option L Discount			-230,484			-325,071	-94,587	41.04%
24	Energy Charge - First 100 X Demand	18,389,440	\$0.03258	\$599,128	18,389,440	\$0.04595	844,995	245,867	41.04%
25	Energy Charge - Next 300 X Demand	52,872,828	\$0.01558	823,759	52,872,828	\$0.02197	1,161,616	337,857	41.01%
26	Energy Charge - Next 100 X Demand	12,553,267	\$0.01058	132,814	12,553,267	\$0.01492	187,295	54,481	41.02%
27	Energy Charge - Remaining kWh	12,540,579	\$0.00558	69,976	12,540,579	\$0.00787	98,694	28,718	41.04%
28	Total Energy Charge	96,356,114		\$1,625,677	96,356,114		\$2,292,600	\$666,923	41.02%
29	Sub-total Off-Peak Rate			\$2,359,687			\$3,327,775	968,089	41.03%
30	Booked to Billed Revenue Ratio			93.550%			93.550%		
31	Booked Base Rate Revenue			\$2,207,495			\$3,113,145	905,650	41.03%
32	Annual Subtotal Rate 34L8%			\$3,408,838			\$4,807,345	1,398,507	41.03%
33	Booked to Billed Revenue Ratio			99.760%			99.760%		
34	Total Adjusted Annual Large Com. & Ind. Rate 34L8% Revenue	140,026,826	266,166	\$3,400,668	140,026,826	266,166	\$4,795,823	\$1,395,154	41.03%
35	Annual Subtotal Rate 34L8% with Discount Eliminated			\$3,741,259					
36	Annual Large Com. & Ind. Rate 34L8% Rev w/ Discount Eliminated			\$3,733,090					

NorthWestern Energy  
Electric Utility - State of South Dakota  
Pro Forma Year Ending December 31, 2012  
Derivation of Increased Rates and Proof of Revenue

Line	Description	----- Present Rates -----			----- Proposed Rates -----			Revenue Change	
		Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	\$	%
1	<b>Large Commercial and Industrial Rate 34L4%</b>								
2	<u>Summer Rate</u>								
3	Demand Charge - First 100 kW	600	\$6.13	\$3,678	600	\$8.65	\$5,190	\$1,512	41.11%
4	Demand Charge - Next 400 kW	2,400	\$5.43	13,032	2,400	\$7.66	18,384	5,352	41.07%
5	Demand Charge - Next 500 kW	8,232	\$4.73	38,935	8,232	\$6.67	54,905	15,969	41.01%
6	Total Demand Charge	11,232		\$55,645	11,232		\$78,479	\$22,833	41.03%
7	Power Factor Charge Revenue			2,762			3,895	1,133	41.02%
8	Option L Discount		\$0.00000	-6,716	0	\$0.00000	-9,472		
9	Energy Charge - First 100 X Demand	1,123,160	\$0.03258	\$36,593	1,123,160	\$0.04595	51,609	15,017	41.04%
10	Energy Charge - Next 300 X Demand	3,155,060	\$0.01558	49,156	3,155,060	\$0.02197	69,317	20,161	41.01%
11	Energy Charge - Next 100 X Demand	613,096	\$0.01058	6,487	613,096	\$0.01492	9,147	2,661	41.02%
12	Energy Charge - Remaining kWh	369,000	\$0.00558	2,059	369,000	\$0.00787	2,904	845	41.04%
13	Total Energy Charge	5,260,316		\$94,294	5,260,316		\$132,977	\$38,683	41.02%
14	Sub-total Summer Rate			\$145,986			205,879	59,893	41.03%
15	Booked to Billed Revenue Ratio			<u>111.011%</u>			<u>111.011%</u>		
16	Booked Base Rate Revenue			\$162,059			\$228,548	\$66,488	41.03%
17	<u>Off-Peak Rate</u>								
18	Demand Charge - First 100 kW	0	\$6.13	\$0	0	\$8.65	\$0	\$0	0.00%
19	Demand Charge - Next 400 kW	0	\$5.43	0	0	\$7.66	0	0	0.00%
20	Demand Charge - Next 500 kW	0	\$4.73	0	0	\$6.67	0	0	0.00%
21	Total Demand Charge	0		\$0	0		\$0	\$0	0.00%
22	Power Factor Charge Revenue			0			0	0	0.00%
23	Option L Discount		\$0.00000	0	0	\$0.00000	0		
24	Energy Charge - First 100 X Demand	0	\$0.03258	\$0	0	\$0.04595	0	0	0.00%
25	Energy Charge - Next 300 X Demand	0	\$0.01558	0	0	\$0.02197	0	0	0.00%
26	Energy Charge - Next 100 X Demand	0	\$0.01058	0	0	\$0.01492	0	0	0.00%
27	Energy Charge - Remaining kWh	0	\$0.00558	0	0	\$0.00787	0	0	0.00%
28	Total Energy Charge	0		\$0	0		\$0	\$0	0.00%
29	Sub-total Off-Peak Rate			\$0			\$0	0	0.00%
30	Booked to Billed Revenue Ratio			0.000%			0.000%		
31	Booked Base Rate Revenue			0			\$0	0	0.00%
32	Annual Subtotal Rate 34RE			\$145,986			\$205,879	\$59,893	41.03%
33	Booked to Billed Revenue Ratio			<u>111.011%</u>			<u>111.011%</u>		
34	Total Adjusted Annual Large Com. & Ind. Rate 34L4% Revenue	5,260,316	11,232	\$162,059	5,260,316	11,232	\$228,548	\$66,488	41.03%
35	Annual Subtotal Rate 34L4% with Discount Eliminated			\$152,701					
36	Annual Large Com. & Ind. Rate 34L4% Rev w/ Discount Eliminated			\$168,775					

NorthWestern Energy  
Electric Utility - State of South Dakota  
Pro Forma Year Ending December 31, 2012  
Derivation of Increased Rates and Proof of Revenue

Line	Description	----- Present Rates -----			----- Proposed Rates -----			Revenue Change	
		Billing Units	Rate	Revenue	Billing Units	Rate	Revenue	\$	%
1	<b>Large Commercial and Industrial Rate 34YS</b>								
2	<u>Summer Rate</u>								
3	Demand Charge - First 100 kW	800	\$6.13	\$4,904	800	\$8.65	\$6,920	\$2,016	41.11%
4	Demand Charge - Next 400 kW	216	\$5.43	1,172	216	\$7.66	1,653	481	41.07%
5	Demand Charge - Next 500 kW	0	\$4.73	0	0	\$6.67	0	0	0.00%
6	Total Demand Charge	1,016		\$6,076	1,016		\$8,573	2,497	41.10%
7	Power Factor Charge Revenue			3			5	2	49.70%
8	YS Discount	324,851	-\$0.00878	-\$2,852	324,851	-\$0.00878	-2,852		
9	Energy Charge - First 100 X Demand	101,576	\$0.03258	\$3,309	101,576	\$0.04595	4,667	1,358	41.04%
10	Energy Charge - Next 300 X Demand	223,275	\$0.01558	3,479	223,275	\$0.02197	4,905	1,427	41.01%
11	Energy Charge - Next 100 X Demand	0	\$0.01058	0	0	\$0.01492	0	0	0.00%
12	Energy Charge - Remaining kWh	0	\$0.00558	0	0	\$0.00787	0	0	0.00%
13	Total Energy Charge	324,851		\$6,788	324,851		\$9,573	\$2,785	41.03%
14	Sub-total Summer Revenue Before YS Discount			12,867			18,150	5,284	41.06%
15	Booked to Billed Revenue Ratio			101.149%			101.149%		
16	Booked Base Rate Revenue			\$13,015			\$18,359	\$5,344	41.06%
17	<u>Off-Peak Rate</u>								
18	Demand Charge - First 100 kW	1,600	\$6.13	\$9,808	1,600	\$8.65	\$13,840	\$4,032	41.11%
19	Demand Charge - Next 400 kW	412	\$5.43	2,236	412	\$7.66	3,154	918	41.07%
20	Demand Charge - Next 500 kW	0	\$4.73	0	0	\$6.67	0	0	0.00%
21	Total Demand Charge	2,012		\$12,044	2,012		\$16,994	\$4,950	41.10%
22	Power Factor Charge Revenue			57			80	\$23	41.44%
23	YS Discount	686,694	-\$0.00878	-6,028	686,694	-\$0.00878	-6,028		
24	Energy Charge - First 100 X Demand	201,176	\$0.03258	\$6,554	201,176	\$0.04595	9,244	\$2,690	41.04%
25	Energy Charge - Next 300 X Demand	483,624	\$0.01558	7,535	483,624	\$0.02197	10,625	3,090	41.01%
26	Energy Charge - Next 100 X Demand	1,894	\$0.01058	20	1,894	\$0.01492	28	8	41.02%
27	Energy Charge - Remaining kWh	0	\$0.00558	0	0	\$0.00787	0	0	0.00%
28	Total Energy Charge	686,694		\$14,109	686,694		\$19,898	\$5,788	41.02%
29									
30	Sub-total Off-Peak Revenue Before YS Discount			\$26,210			\$36,972	\$10,762	41.06%
31	Booked to Billed Revenue Ratio			98.103%			98.103%		
32	Booked Base Rate Revenue plus YS Discount			\$25,712			\$36,270	\$10,558	41.06%
33									
34	Annual Subtotal Rate 34YS			\$39,077			\$55,122	\$16,046	41.06%
35	Booked to Billed Revenue Ratio			99.106%			99.106%		
36	Total Adjusted Annual Large Com. & Ind. Rate 34YS Revenue	1,011,545	3,028	\$38,727	1,011,545		\$54,629	\$15,902	41.06%